

Educational Loan Notes

Monthly Newsletter



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July 2008

GEAR UP/COLLEGE DAY – OUTREACH SERVICES FINANCIAL LITERACY PROGRAM

"If I Had a Million Dollars" . . . is just one of the financial literacy exercises that the students attending the summer GEAR UP/College Day program have participated in at Michigan State University. In Unit Two – Budgeting: Making the Most of Your Money, the eighth and ninth grade students were asked how they would spend one million dollars. The most common answers included buying a house, cars, clothing, and entertainment. Of course, it was most heartening and encouraging to hear responses from those who spoke of saving and investing, specifically saving money for college, helping their parents pay bills, making charitable contributions, or starting their own business. To add to the fun, students heard the song titled "If I Had a Million Dollars" (by a Canadian rock group) playing in the background. While a few of the students stated they have part-time jobs already, most of them do not, and they rely on their parents and/or their allowances to fund their activities. Anecdotally, the students who held part-time jobs gave the more responsible answers to spending their \$1 million. It seemed some of the students had already learned from their early experience managing their own money.



This summer is the first time that the Bureau Outreach Services Team has facilitated the High School Financial Planning Program offered by the National Endowment for Financial Education (NEFE at nefe.org.) The program offers information regarding all of the basics for sound money management. As expected, the students have varying degrees of knowledge about managing their money, e.g. planning to meet short term, intermediate, or long-term financial goals as well as determining the difference between wants and needs. The program is designed to provide information by way of individual assessments and group activities that are fun and interactive and focus on financial education information.

For further information regarding the financial literacy program call Peggy LaFleur at 1-800-642-5626, extension 38319, or email lafileur@michigan.gov, or call Patty Hill at extension 36051 or email hillpl@michigan.gov.

MGA ADVISES SCHOOLS AND LENDERS OF ADDRESS CHANGE

Effective immediately, schools and lenders submitting paper documents for post-guarantee loan or demographic changes should mail them to the following address:

Guarantor Account Maintenance
P.O. Box 9565
Wilkes Barre, PA 18773-9565

The address has been updated on the following forms which may be ordered via [MGA's Web Site](#):

MGA1520--Loan Maintenance (School)
MGA1521--Borrower/Student Personal Information (School)

MGA1522--Sub/Unsub Reallocation (School)
MGA1539--Disbursement Change (Lender)
MGA1540--Loan Change (Lender)
MGA1541--Loan or Origination Rights Transfer (Lender)

The new address reflects a change in the processes of MGA's guarantor servicer to image all such documents requesting status changes before the actual updates are made.

UPDATED MATERIALS

MGA is in the process of updating its materials to reflect the changes that went into effect July 1, 2008. The Stafford and PLUS loan brochures have been updated to reflect the higher loan limits and postponement of repayment, respectively. Both brochures may be ordered on [MGA's Web site](#).

Other items either updated or in process include:

- Educational Loan Organizer
- Exit Packet for Withdrawn Students
- Exit Counseling packet
- Estimated Monthly Repayment chart
- Comparison of Stafford versus Grad PLUS loans
- Mapping Your Future Grad PLUS Entrance leaflet
- Mapping Your Future Grad PLUS Exit leaflet

These items may be ordered on MGA's Web site on the [In-house Supplies](#) Order Form.

MAPPING YOUR FUTURE ENHANCES CUSTOMIZATION FOR SCHOOLS USING OSLC

In response to the regulatory requirement to provide Grad PLUS borrowers with average indebtedness information beginning July 1, Mapping Your Future has enhanced its indebtedness customization option for schools using Online Student Loan Counseling (OSLC).

The new indebtedness customization feature allows schools to provide an average loan figure per federal loan type, instead of the former process that allowed them to enter one average loan figure per counseling session. The school then chooses to display other average loan information for students within the federal loan counseling sessions, giving students a total debt picture. The indebtedness table appears with the accompanying monthly payment amount (based on the maximum interest rate) above the Debt/Salary Wizard.

Schools can use the new indebtedness feature as follows:

1. Login to the FAO Access Area from the financial aid professionals page at mappingyourfuture.org/FAP/.
2. Mouse over the Customize tab and click on Indebtedness Levels.
3. Enter the appropriate average indebtedness amounts and click to make that loan type "Active."
4. Click to Apply Changes.
5. Mouse over the Customize tab and click on Indebtedness Display.
6. Select the appropriate option to display the indebtedness information for students. There are several options:

- Display all active federal indebtedness levels for students for all participating federal loan counseling sessions.
- Select by loan type to display that loan's indebtedness for all participating federal loan counseling.
- Select specific federal loan counseling types to display specific loan indebtedness figure.

7. Click Update

Schools that previously used the original indebtedness customization service will need to add the debt levels to the new feature.

OSLC enables schools and students to meet federal loan counseling requirements conveniently. It also enhances the loan management education of the student by actively involving them in the counseling – making OSLC an important default prevention tool. OSLC can provide busy school staff with an opportunity to spend more time with those students needing assistance in the loan process. It is a free service, provided by the guaranty agencies from around the country that sponsor Mapping Your Future, as well as the Friends that support the organization. All of the counseling sessions are guarantor- and lender-neutral.

Mapping Your Future offers 17 OSLC sessions:

- | | |
|--|---|
| • Stafford entrance (English and Spanish) | • Health Professions Student Loan exit |
| • Stafford exit (English and Spanish) | • Grad PLUS entrance |
| • Perkins entrance | • Grad PLUS exit |
| • Perkins exit | • Stafford and Grad PLUS combined entrance |
| • Stafford and Perkins combined entrance | • Stafford and Grad PLUS combined exit |
| • Stafford and Perkins combined exit | • TEACH Grant initial and subsequent counseling (average indebtedness customization not applicable) |
| • Nursing entrance | |
| • Nursing exit | |
| • Health Professions Student Loan entrance | |

For more information about using OSLC effectively, refer to the User's Guide at mappingyourfuture.org/oslc/usersguide.htm.

HIGH SCHOOL COUNSELOR VIDEO CONFERENCE ANNOUNCEMENT

Preparations are underway for the 2008 High School Counselor Financial Aid Update session to be held on November 14th from 9:00 a.m. to noon. This is an annual event, and approximately 800 counselors typically attend. Sites will be hosted by various colleges and universities and Intermediate School Districts throughout Michigan. In August the list of host sites will be posted on the [Student Financial Services Bureau](http://StudentFinancialServicesBureau) Web site. Registration materials will be mailed to the counselors in September and will be posted on the Web site soon after.

Please direct questions pertaining to this event to Peggy LaFleur, Outreach Services, at lafleurp@michigan.gov or 1-800-642-5626, extension 38319.

ED PUBLISHES UPDATED FFELP VARIABLE INTEREST RATES

The U.S. Department of Education has published variable interest rates applicable to the Federal Stafford, SLS, PLUS, and Consolidation loan programs for the period July 1, 2008, to June 30, 2009. The summary interest rate chart published in the June issue of *Educational Loan Notes* has been revised to include the new rate. To view the detailed interest rate charts released by ED, go to http://www.fp.ed.gov/fp/attachments/interest/Rates_08-revised.doc.

Stafford loans:	2008-2009	2007-2008
Disbursed to undergraduate students 07/01/08 - 06/30/09 (Fixed rate)	6.00%	N/A
Disbursed on or after 07/01/06, other than those noted above (Fixed rate)	6.80%	N/A
Disbursed 07/01/98 - 06/30/06 In school, in grace, in deferment	3.61%	6.62%
Disbursed 07/01/98 - 06/30/06 In repayment or forbearance	4.21%	7.22%
Disbursed 07/01/95 - 06/30/98 In school, in grace, in deferment	4.41%	7.42%
Disbursed 07/01/95 - 06/30/98 In repayment or forbearance	5.01%	8.02%
Disbursed 07/01/94 - 06/30/95	5.01%	8.02%
Disbursed 10/01/92 - 06/30/94	5.01%	8.02%
PLUS loans:		
Disbursed on or after 07/01/06 (fixed rate)	8.50%	8.50%
Disbursed 07/01/98 - 06/30/06	5.01%	8.02%
Disbursed 10/01/92 - 06/30/98	5.67%	8.05%

SPECIAL ALLOWANCE RATES ANNOUNCED

ED has issued a [memo](#) on FFELP special allowance rates for the period ending June 30, 2008. The memo notes that the Treasury Department has published the average of the bond equivalent rates of the 91-day Treasury bills auctioned during the quarter ending June 30, 2008, as **1.71 percent**. The average of the bond equivalent rates of the quotes of the three-month commercial paper (financial) rates in effect for each of the days in that quarter is **2.75 percent**.

ED OUTLINES TERMS OF EMERGENCY LOAN PURCHASE PLAN

In a *Federal Register* [notice](#), the U.S. Department of Education spells out how lenders can participate in two emergency programs to restore liquidity to the student loan program. ED offers to purchase eligible Federal Family Education Loan Program (FFELP) loans for the amount of the outstanding principal, accrued and unpaid interest, reimbursement of the lender-paid one percent origination fee, plus \$75.

Alternatively, ED offers to purchase interests in a minimum of \$50 million in eligible loans for one-half of one percent over the Commercial Paper rate.

Both initiatives were authorized by emergency legislation enacted after dozens of lenders announced they were dropping out of FFELP due to the impact of federal budget cuts and the credit crunch.

FFELP lenders/holders wishing to participate in one or both of the loan purchase programs must execute the Master Participation Agreement and the Master Loan Sales Agreement accessible at: <http://ifap.ed.gov/eannouncements/attachments/071108masterloanpurchaseagreementsAttach.pdf>. Please note that the last exhibit in each of the Agreements is a revised form of the "Notice of Intent to Participate" that was originally provided as Appendix D to the July 1 Federal Register Notice. ED will soon provide information, including document submission directions, regarding the next steps a lender must take to execute one or both of the agreements.

ED PIPELINE

MGA is providing you with descriptions and links to some of the most recent correspondence for schools and lenders from the U.S. Department of Education (ED).

[Dear Partner](#)
[June 2008](#)
[FP-08-07 & GEN 08-08](#)

This letter provides a summary of the recently enacted Ensuring Continued Access to Student Loans Act of 2008 and the actions ED is taking to help ensure that postsecondary students and their parents have access to federal student loans.

[Dear Partner](#)
[June 2008](#)
[FP-08-08 & GEN 08-10](#)

This letter is a reminder to Title IV student aid participants of previously published general guidance for helping those affected by a federally-declared disaster that was included in Dear Colleague Letter GEN-04-04, and information on the waiver of Title IV grant repayment for students affected by a disaster contained in Dear Colleague Letter GEN-05-17.

[Dear Partner](#)
[July 2008](#)
[FP-08-09 & GEN 08-11](#)

This letter announces the approval of revised versions of the Teacher Loan Forgiveness Application and Teacher Loan Forgiveness Forbearance Request forms for use by borrowers in FFELP and FDLP.

[Dear Partner](#)
[July 2008](#)
[GEN 08-09](#)

This letter provides the list of academic majors eligible for the National SMART Grant Program for the 2008-2009 award year.

UPDATES TO MGA'S PARTICIPATING LENDER LIST

MGA has updated its Participating Lender List to provide the most current information available regarding our FFELP lending partners. This revised list is updated regularly on our Web site at mgaloan.com, with the date and time of the last update noted next to the link. The link may be accessed from our home page under MGA Highlights.

When downloaded, this Excel document will allow users to sort information by lender code, lender name, servicer, etc. It also provides information regarding additional lending criteria which a lender may currently be utilizing.

Please discard any paper copies you may have of MGA's Participating Lender List dated May 4, 2007, as that list is obsolete. If you have any questions regarding the revised Web-based list, please contact Pat Fromm at 1-800-642-5626, extension 36076, or via email at frommp@michigan.gov.

The following lender changes have occurred since the last issue of *Educational Loan Notes* and are reflected on the updated Participating Lender List. Please note that MGA can speak only to a lender's relationship with our agency. If you have questions regarding a lender's participation with another guarantor, we suggest you contact that lender or guarantor directly.

Lending Criteria Changes

- **RBS Citizens, dba Charter One, 808140**, has rescinded previous lending restrictions and will now fund all participating schools.
- **Acapata Education Finance Corp., 833963**, will fund serial loans only.

No Longer Participating

The following lenders are no longer participating with MGA with the specified lender codes:

- **Citibank, N.A. as ELT for the Student Loan Corp., 830548**
- **RBS Citizens Bank, N.A., 807745**

UPDATED MICHIGAN SCHOOL LIST AVAILABLE SOON

MGA's new "Active Michigan School List" will be mailed later this month. Additional copies of the school list may be requested by completing the [Request for MGA "In-House" Supplies](#) order form on our Web site at mgaloan.com. You may also request additional copies by contacting our mail room at 1-800-642-5626, extension 60607. If you have any questions, please contact Stacy Cardwell at extension 36074 or via email at cardwells@michigan.gov.

"Q" & "A" **NSLDS Changes**

What NSLDS changes have been implemented for ISIRs?

The National Student Loan Data System (NSLDS) has several new updates for the Institutional Student Information Record (ISIR).

1. When a student's NSLDS data has been reported as fraud, NSLDS will notify CPS (Central Processing System) via a new Fraud flag that will be included on the student's ISIR. This will help financial aid administrators identify an applicant's ISIR whose eligibility is impacted due to fraudulently received Title IV aid.
2. NSLDS will report the appropriate aggregate loan limit flag(s) to CPS for inclusion on the ISIR. The flags will be displayed on the last page of the ISIR's NSLDS Financial Aid History. These flags are for both undergraduate and graduate, Subsidized and Combined Loan Limits, and will include:

- C – Close to or equal to loan limit
 - E – Exceeded loan limit
 - N – Not near the limit
3. NSLDS will continue to send to CPS for inclusion on the ISIR the three most relevant ACG and National Smart Grant award data based on the grants with the highest Academic Year level and most recently reported grant data from the COD system. The three new fields will be added, along with the ACG and SMART Grant Award Year, to the ISIR record layout.

Details regarding all NSLDS fields displayed on the ISIR are available from the 2008-2009 EDE Technical Reference which can be downloaded as a PDF document from the FSA download Web site at [FSA Software & Manuals](#) and on IFAP at www.ifap.ed.gov.

Reminder: As of December 31, 2007, the NSLDSFAP (NSLDS Financial Aid Professionals) Web site and the 2008-2009 ISIRs will display information resulting from the 2008-2009 changes discussed in NSLDS Newsletter 17 for June 2008. However, 2007-2008 ISIRs have not been modified. Therefore, when comparing NSLDS or COD web pages to a 2007-2008 ISIR, FAAs may find differences.

Has NSLDS created new changes for the Web site?

1. Whenever NSLDS has information that fraud has been involved in obtaining Title IV aid by a student, that student's financial aid history record on the NSLDSFAP Web site displays a Fraud warning icon. See [NSLDS Newsletter 14](#).



Fraud

2. NSLDS monitors aggregate loan amounts for undergraduate and graduate students independently of each other. When determining if an undergraduate student has exceeded aggregate limits, NSLDS does not include any loans taken out by the student for graduate study. Loans taken out for both undergraduate study and graduate study are counted to determine if a student has exceeded aggregate limits for graduate students.

A student can be flagged for exceeding an undergraduate aggregate loan limit even though they are currently a graduate student. This would occur if the student received more undergraduate loans than he or she was eligible for as an undergraduate. Resolution of the over-borrowing must be resolved before any additional Title IV aid may be disbursed to the student, even if the total borrowed does not exceed the graduate limits. NSLDS determines a student's grade level based on the student's most recent loan as reported to NSLDS and not the applicant's self-reported FAFSA/ISIR data. It is the NSLDS grade level that is used to determine whether the student is close to or exceeding the appropriate loan limit(s).

3. New for 2008-2009, NSLDS will display separate undergraduate and graduate "Exceeds" and "Close or Equals to" flags for both Subsidized and combined loan limits. Having the separate undergraduate and graduate warning flags will better assist FAAs in making the proper eligibility determination for the appropriate level of study.

NSLDS will display the "Close or Equal to Undergraduate Loan Limit" flag when a borrower's aggregate loan balance is within one annual loan amount of the aggregate undergraduate loan limit. When a borrower has both undergraduate and graduate loans,

NSLDS will also display the “Close or Equal to Graduate Loan Limit” flag when the borrower’s aggregate loan balance is within one annual loan limit of the aggregate graduate loan limit. An “Exceeds Loan Limit” flag displays when the borrower currently has loans in excess of the appropriate aggregate loan limit.



4. Request for online access to NSLDS is denied if the user has a loan currently on NSLDS that has been reported as in default or as discharged due to death. Additionally, NSLDS runs a program monthly to identify any online users for whom a loan has been reported in a default or discharge due to death status. Persons identified will have their online access suspended until the loan status is resolved. In both instances, NSLDS will send a letter to inform the applicant or the user of the status of their access to NSLDS.
5. To accommodate the new data elements for the ACG and National SMART Grants, the SNLDSFAP Web site has been enhanced. An ACG and National SMART Grant label has been renamed on the Grants page:

<u>Old Label Name</u>	<u>New Label Name</u>
Grade Level	Academic Yr Level

A Pell Grant label has also been renamed on the Grants page:

<u>Old Label Name</u>	<u>New Label Name</u>
% Scheduled Used	% Sched. Award Used by Award Yr

Reminder: Data maintained in NSLDS is confidential and is protected by the Privacy Act of 1974, as amended. It is important to remember NSLDS User IDs are not to be shared even within the user’s own organization. A violation of sharing User IDs will result in the organization or the individual losing access to NSLDS. Each NSLDS User is responsible for protecting his or her access and the data available in NSLDS. If an NSLDS user is no longer employed at your organization or is no longer eligible to access NSLDS information, it is the responsibility of the PDPA to deactivate that particular User ID at www.fsawebenroll.ed.gov . The NSLDS Customer Service Center at 1-800-999-8219 is available Monday through Friday from 8 a.m. to 9 p.m. ET.

Excerpts were taken from the [NSLDS Newsletter Number 17](#) for June 2008.